

Message Text

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64

ACTION AF-18

INFO OCT-01 EUR-25 NEA-14 ISO-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

STR-08 FEA-02 AEC-11 CEA-02 FPC-01 INT-08 SAM-01

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R 030842Z JUL 74

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 0166

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMCONSUL JOHANNESBURG

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

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E.O. 11652: N/A

TAGS: ETRD, ENRG, SF

SUBJ: IMPROVED TRADE TIES WITH FRANCE AND IRAN

1. RETURNING FROM VISIT TO FRANCE, UK AND IRAN, ECONMIN HORWOOD ANNOUNCED "FIRM UNDERSTANDING" BETWEEN PRETORIA AND TEHRAN IN FIELDS OF NUCLEAR ENERGY, MINING DEVELOPMENT AND PETROLEUM, AND GAVE ADDED IMPETUS TO RUMORS OF EMERGING TRIPARTITE TRADE STRUCTURE AMONG SOUTH AFRICA, IRAN AND FRANCE. HORWOOD SAID HE SAW A FURTHER STRENGTHENING IN ECONOMIC TIES BETWEEN SA AND THESE COUNTRIES AND ANNOUNCED THAT AN "IMPORTANT FRENCH MISSION CONSISTING OF SENIOR OFFICIALS AND INDUSTRIAL AND TECHNICAL LEADERS WILL BE VISITING SA LATER THIS YEAR FOR EXTENDED TALKS".

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JULY 1 PRETORIA NEWS EXPANDED ON HORWOOD STATEMENT BY CLAIMING

"MAJOR BREAK THROUGH IN TRADE WITH OIL-RICH IRAN" AND LINKED IT WITH PROSPECTS OF NEW TRADE AGREEMENTS WITH FRANCE.

2. HORWOOD TRIP HAS LED TO FURTHER SPECULATION RE EMERGENCE OF WHAT LOCAL PRESS TERMS "PARIS-TEHRAN-PRETORIA AXIS" BASED ON MASSIVE TRADE-OFFS FRENCH ARMS AND INDUSTRIAL TECHNOLOGY, IRANIAN OIL, AND SOUTH AFRICAN URANIUM, NUCLEAR TECHNOLOGY AND MINING EXPERTISE. IRAN REPORTEDLY NEGOTIATING WITH SA'S ISCOR RE MULTI-MILLION RAND PROJECT TO EXPLOIT IRANIAN IRON RESERVES. IRANIANS ALSO SAID TO BE INTERESTED IN PARTICIPATING IN DEVELOPMENT OF SA'S URANIUM ENRICHMENT PROCESS, IN ERECTION OF NEW SASOL (OIL FROM COAL) PLANT AND IN SA REFINERIES. FINALLY, IRAN REPORTED LOCALLY TO BE LOOKING TO SA AS SOURCE OF COAL, NUCLEAR FUELS TO FEED PLANNED FRENCH-BUILT POWER STATIONS, AND MINING EQUIPMENT.

3. FRANCE REPORTED TO HAVE ENTERED INTO TRIPARTITE NEGOTIATIONS OUT OF DESIRE SECURE OIL AND URANIUM SUPPLY AND EXPAND SALE OF FRENCH ARMS AND INDUSTRIAL PRODUCTS. IN THIS CONNECTION, EMBASSY HAS RECEIVED UNCONFIRMED REPORTS THAT FRENCH NEGOTIATORS LINKING CONTINUED SALE ARMS AND MILITARY AIRCRAFT TO SA TO SUCCESS OF FRENCH FIRMS IN COMPETITIVE BIDDING ON SA TENDERS. MANUFACTURER'S REPRESENTATIVE US AIRCRAFT FIRM TOLD EMBOFFS RECENTLY A-300 AIRBUS WITH GENEROUS CREDITS FOR SAA RATHER THAN US PRODUCT WHICH SAA GENERALLY PREFERRED. PRESSURE ALLEGEDLY IN FORM OF TIE-IN BETWEEN A-300 SALE AND CONTINUED PROVISION MIRAGE FIGHTERS FOR SADF. FRENCH ALSO RECENTLY WERE AWARDED R4 MILLION (\$6 MILLION) CONTRACT CONSTRUCT SA EARTH SATELLITE GROUND STATION WITH ANTENNAS FACING BOTH ATLANTIC AND INDIAN OCEAN SATELLITES AND HAVE OFFERED PROVIDE NUCLEAR POWER STATION. WE UNDERSTAND FRANCE ALREADY BUILDING NUCLEAR POWER REACTORS FOR IRAN AND IS EXPECTED EXTEND COOPERATION INTO CONSTRUCTION NUCLEAR POWER MERCHANT SHIPS AND OIL TANKERS. PUNDITS CLAIM IRAN'S MAIN ROLE WILL BE TO SUPPLY OIL TO FRANCE AND SA FOR FUEL AND AS FEED FOR PETRO-CHEMICAL INDUSTRIES WHILE SA WILL ASSURE FRANCE AND IRAN OF CONTINUING SUPPLY URANIUM FOR THEIR NUCLEAR ENERGY PROGRAMS.

4. EXCEPT IN CONTEXT GENERAL IMPROVEMENT IN RELATIONS, HORWOOD MADE NO SPECIFIC REFERENCE TO RESULTS HIS TALKS IN UK AND UK LIMITED OFFICIAL USE

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POITEDLY OMITTED FROM PLETHORA OF PRESS REPORTS ON NEWLY EMERGING TRADE PACTS. COMMENT: HORWOODS COMMENTS OBVIOUSLY DESIGNED OFF-SET REPORTS THAT SA ECONOMIC RELATIONS WITH UK AND FRANCE ENDANGERED BY ELECTION LABOR GOVERNMENT AND D'ESTAING. THIS THREAT UNDOUBTEDLY OVERPLAYED IN SA PRESS ALTHOUGH SOME TIGHTENING OF ARMS EMBARGO, PARTICULARLY ON PART UK, LIKELY. IN SAME MANNER, LOCAL PRESS ALSO PROBABLY OVERPLAYED SIGNIFICANCE "PARIS-TEHRAN-PRETORIA AXIS" ALTHOUGH THEIR NO DOUBT THAT ECONOMIC

BENEFITS TO SA WILL BE CONSIDERABLE IF TRIPARTITE TRADE STRUCTURE
DOES IN FACT MATERIALIZES ALONG LINES EXPOUNDED.
HURD

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